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12 **UNITED STATES DISTRICT COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**

14 THE O.N. EQUITY SALES COMPANY,) Case No. C 07-02844 JSW
15 Plaintiff,)
16 v.) **ANSWER**
17 DANIEL MARIA CUI,)
18 Defendant.)
19 _____)

20 Defendant Daniel Maria Cui, hereby answers the Complaint of The O.N. Equity Sales
21 Company ("ONESCO"), as follows:

- 22 1. Without knowledge, therefore denied.
23 2. Admitted.
24 3. Admitted
25 4. Admitted that personal jurisdiction exists; denied that venue is proper on the ground
26 stated.

1 5. Admitted that the Defendant invested in the Lancorp Financial Fund Business Trust
2 (“Lancorp”); denied that Lancorp had no association with ONESCO, given that ONESCO’s agent
3 Gary Lancaster (“Lancaster”) sold Lancorp to the Defendant.

4 6. Admitted with respect to the first sentence of this paragraph; denied with respect to
5 the second sentence.

6 7. Without knowledge with respect to the first sentence of this paragraph and therefore
7 denied; denied with respect to the second sentence.

8 8. Exhibit “A” to the Complaint speaks for itself.

9 9. Without knowledge and therefore denied.

10 10. With respect to the first and second sentences of this paragraph, Exhibit “A” to the
11 Complaint speaks for itself. With respect to the third sentence, without knowledge regarding records
12 that ONESCO received from the receiver and therefore denied.

13 11. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
14 paragraph accurately and completely identify the risk factors listed in Exhibit “A” to the Complaint
15 as represented to the Defendant.

16 12. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
17 paragraph accurately and completely identify the risk factors listed in Exhibit “A” to the Complaint
18 as represented to the Defendant or that the phrase “high risk” is repeated throughout Exhibit “A” to
19 the Complaint.

20 13. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
21 paragraph accurately and completely describe the Lancorp offering requirements as represented to
22 the Defendant.

23 14. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
24 paragraph accurately and completely describe the Lancorp offering requirements as represented to
25 the Defendant.

26 15. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
27 paragraph accurately and completely describe the Lancorp offering requirements as represented to
28 the Defendant.

1 16. Exhibits “B” to the Complaint speaks for itself. Denied that Defendant made a
2 certification, and denied that the allegations of this paragraph accurately and completely describe this
3 exhibit and the pertinent circumstances.

4 17. Exhibit “A” to the Complaint speaks for itself. Denied that the Defendant executed
5 a copy of Exhibit “A.” Denied that the Defendant acknowledged that a broker-dealer was not
6 involved. Denied that the allegations of this paragraph accurately and completely describe the
7 omissions and representations made to the Defendant.

8 18. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
9 paragraph accurately and completely describe the omissions and representations made to the
10 Defendant.

11 19. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
12 paragraph accurately and completely identify the Lancorp offering requirements as represented to
13 the Defendant.

14 20. With respect to the first sentence of this paragraph, denied that the alleged disclosures
15 evidence ONESCO’s lack of involvement. With respect to the second and third sentences and the
16 interpolated quotation from Exhibit “A” to the Complaint, Exhibit “A” speaks for itself. Denied that
17 the second and third sentences of this paragraph and the interpolated quotation accurately and
18 completely describe the omissions and representations made to the Defendant about ONESCO and
19 Lancaster. Denied with respect to the last sentence of this paragraph.

20 21. Exhibit “A” to the Complaint speaks for itself. Denied that a reader of the quoted
21 material from Exhibit “A” should infer that a broker-dealer was not involved. Denied that the
22 allegations of this paragraph accurately and completely describe the omissions and representations
23 made to the Defendant about ONESCO and Lancaster.

24 22. Exhibit “A” to the Complaint speaks for itself. Denied that the allegations of this
25 paragraph accurately and completely describe the Lancorp offering requirements as represented to
26 the Defendant.

1 23. Exhibit “B” to the Complaint speaks for itself. Denied that the allegations of this
2 paragraph accurately and completely describe the provisions of the Lancorp subscription agreement
3 as represented to the Defendant.

4 24. Exhibit “B” to the Complaint speaks for itself. Denied that the allegations of this
5 paragraph accurately and completely describe the provisions of the Lancorp subscription agreement
6 as represented to the Defendant.

7 25. Denied because ONESCO knew about Lancorp through its agent, Lancaster.

8 26. Denied because ONESCO provided materials to Defendant through its agent,
9 Lancaster.

10 27. Denied because Defendant opened accounts and entered into contractual relationships
11 through ONESCO’s agent, Lancaster.

12 28. Denied because Defendant purchased securities or investments through ONESCO’s
13 agent, Lancaster.

14 29. Denied because funds were disbursed or received through ONESCO’s agent,
15 Lancaster.

16 30. Exhibit “B” to the Complaint speaks for itself; denied that ONESCO has accurately
17 and completely described the alleged event.

18 31. With respect to the first sentence of this paragraph, Exhibit “B” to the Complaint
19 speaks for itself. Denied that the second and third sentences of this paragraph accurately and
20 completely state the nature of the activity occurring after the execution of the Subscription
21 Agreement and denied that this later activity was based solely on conduct pre-dating the execution
22 of the Subscription Agreement.

23 32. Admitted that Defendant filed an amended arbitration claim with other claimants
24 against ONESCO before the National Association of Securities Dealers, Inc. (“NASD”). Denied that
25 the allegations of this paragraph accurately and completely characterize the nature of the arbitration
26 claims. With respect to the last sentence of this paragraph, Exhibit “C” to the Complaint speaks for
27 itself.

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COUNT I

1
2 1. Defendant realleges and incorporates the foregoing paragraphs as if fully rewritten
3 herein.

4 2. Denied because Defendant is entitled to enforce ONESCO's written arbitration
5 agreement with the NASD.

6 3. Admitted that Defendant seeks to invoke NASD Rule 10301.

7 4. Admitted that an investor can compel arbitration under the conditions alleged in this
8 paragraph; denied that an investor can compel arbitration only under the conditions alleged in this
9 paragraph.

10 5. Denied.

11 6. Denied.

12 7. Denied with respect to the first sentence of this paragraph; admitted with respect to
13 the second sentence.

14 8. Admitted that the allegations of this paragraph describe the relief that ONESCO
15 seeks; denied that ONESCO is entitled to this relief.

16 9. With respect to the first sentence of this paragraph, admitted that an immediate
17 controversy exists; denied that this controversy is real or substantial. Admitted that the second
18 sentence describes the relief that ONESCO seeks; denied that ONESCO is entitled to this relief.

19 **COUNT II**

20 1. Defendant realleges and incorporates the foregoing paragraphs as if fully rewritten
21 herein.

22 2. Denied.

23 3. Admitted that the allegations of this paragraph describe the relief that ONESCO
24 seeks; denied that ONESCO is entitled to this relief.

25 **AFFIRMATIVE DEFENSES**

26 1. The disputes between the parties are arbitrable.

27 2. The complaint fails to state a claim upon which relief may be granted.

28 3. Venue is improper.

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Respectfully submitted,

DATED: June 22, 2007

GOODMAN & NEKVASIL, P.A.

By: /s/ Joel A. Goodman
Joel A. Goodman
Attorney pro hac vice

LAW OFFICES OF CARY S. LAPIDUS
Cary S. Lapidus
Local counsel

Attorneys for Defendant

CERTIFICATE OF SERVICE

I hereby certify that on June 22, 2007, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the Electronic Mail Notice List below, and I hereby certify that I have mailed the foregoing via U.S. Mail to the non-CM/ECF participants indicated on the Manual Notice List below.

/s/ Joel A. Goodman
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